

**CITY OF HOLLYWOOD
INTEROFFICE MEMORANDUM**

TO: Mayor and Commissioners

DATE: June 20, 2016

FROM: Jeffrey P. Sheffel
City Attorney

SUBJECT: Proposed Subordination Agreement Among Greystone Funding Corporation, City of Hollywood and Crystal Lakes Redevelopment, LTD

I have reviewed the above captioned agreement for form and legality. The general business terms and other significant provisions are as follows:

- 1) Department/Division involved – Dept. of Development Services/Community Development Division
- 2) Type of Agreement – Subordination Agreement
- 3) Method of Procurement (RFP, bid, etc.) – n/a
- 4) Term of Contract
 - a) initial – Promissory Note is due and payable in full on Dec. 20, 2037. * The term of the City’s Subordinate Note and Mortgage does not end before the term of the Senior Note.
 - b) renewals (if any) – n/a.
 - c) who exercises option to renew – n/a.
- 5) Contract Amount – Mortgage and Note in the amount of \$500,000.00. (No interest).
- 6) Termination rights – . n/a
- 7) Indemnity/Insurance Requirements –n/a.
- 8) Scope of Services – The City will be subordinating its interest in the subject property in order for Crystal Lake Redevelopment, LTD. to refinance its debt relating to the project. City will remain as a subordinate lender and City’s Note and Mortgage will remain a lien against the property (enforceable pursuant to its terms and subject to terms of subordination agreement).
- 9) City’s prior experience with Vendor (if any) –yes.
- 10) Other significant provisions – a) As long as HUD is the insurer or holder of the Senior Note held by Greystone on FHA Project No. 066-1182, any payments due from project income under the City’s Subordinate Note shall be payable only: (i) from Surplus Cash of the Project; but in no

event greater than 75% of the total amount of surplus cash; or (ii) from monies received from Non-Project sources; b) no payment of the City's Subordinate Note shall be made until after final endorsement by HUD of the Senior Note, unless prepayment is made from non-project sources and is approved in writing by HUD, however the restriction on payments shall not excuse any default caused by the failure of Borrower (Crystal Lake) to pay the indebtedness evidenced by the Subordinate Note; c) In the event that Senior Lender (Greystone), HUD or a designee of either acquires title to the Mortgaged Property pursuant to a deed in lieu of title, City agrees to extinguish and release its lien; c) City will adhere to requirements set forth in agreement relating to subrogation, payments before/after senior security instrument default, default requirements.

cc: Wazir A. Ishmael, Ph.D., City Manager